

VZCZCXRO2898

PP RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR

DE RUEHMO #1964/01 191140Z

ZNY CCCCC ZZB

P 091402Z JUL 08

FM AMEMBASSY MOSCOW

TO RUEHC/SECSTATE WASHDC PRIORITY 8955

INFO RUCNCIS/CIS COLLECTIVE PRIORITY

RUEHXL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

RUEHHD/MOSCOW POLITICAL COLLECTIVE PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 001964

SIPDIS

DEPT FOR EUR/RUS, FOR EEB/ESC/IEC GALLOGLY AND WRIGHT

EUR/CARC, SCA (GALLAGHER, SUMAR)

DOE FOR FREDRIKSEN, HEGBORG, EKIMOFF

DOC FOR 4231/IEP/EUR/JBROUGH

E.O. 12958: DECL: 07/08/2018 TAGS: [EPET](#) [ENRG](#) [ECON](#) [PREL](#) [RS](#)

----- Summary -----

1.(C) BP Russia President Richard Spies told us July 7 that the company is pursuing a three-pronged approach of negotiations, legal action, and
----- Three-Pronged Approach -----

2.(C) Spies said BP is pursuing a three-pronged approach to defend its interests in TNK-BP: negotiate with AAR; examine and pursue legal option

3.(C) With respect to the third prong, Spies said BP is briefing all G7 governments and requesting that they approach the GOR seeking its inter

----- AAR Tactics and Goals -----

4.(C) Spies said that despite progress on visas (see paragraph 9) he expected the attacks by AAR to continue. He pointed to the July 7 extraord

5.(C) According to Spies, BP was willing to accommodate GOR interests but it was unclear what those interests were at this point. BP's talks wit

----- TNK-BP Management Perspective -----

6.(C) In a separate July 7 meeting, McCormick also pointed to the TNK-BP Management board meeting as evidence that AAR would continue to use ev

7.(C) McCormick said a resolution of the dispute would require BP engaging directly with the AAR partners. In that regard, he welcomed the appc

8.(C) McCormick added that he was not sanguine that BP would be able to successfully defend its interests. AAR had successfully used pressure t

----- VISA -----

9.(C) As reported in the press, 49 expat staff of TNK-BP (actual TNK-BP employees, not secondees) have either received or should soon receive t

----- COMMENT -----

10.(C) This case sends the wrong signals about Russia's long-term investment climate and its commitment to economic reforms. Convincing the Rus